

NEW ORLEANS BALLET ASSOCIATION

Financial Statements

June 30, 2006 and 2005

(With Accountant's Review Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-17-07

NEW ORLEANS BALLET ASSOCIATION

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Statements of Financial Position
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash	\$ 601,926,580,683.	
Investments-currently available (note 2)	57,024.	54,905.
Accounts and grants receivable	38,398.	45,372.
Prepaid expenses	6,530.	20,688.
Assets held for permanently restricted net assets:		
Funds held in trust by others (note 3)	137,998.	131,266.
Fixed assets, net (note 4)	0.	0.
Totals	\$ 841,876.	832,913.
 <u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 24,723.	38,164.
Deferred revenues	272,226.	230,930.
Total liabilities	296,949.	269,094.
 <u>Net assets</u>		
Unrestricted	382,724.	408,349.
Temporarily restricted	24,205.	24,205.
Permanently restricted	137,998.	131,265.
Total net assets	544,927.	563,819.
Totals	\$ 841,876.	832,913.

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Activities
For the years ended June 30, 2006 and 2005

<u>Funds</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>All</u>
Revenues, Gains & Other Support:					
Contributions	\$ 211,417.	0.	0.	211,417.	321,990.
Government grants	122,074.	0.	0.	122,074.	96,845.
Performances	123,745.	0.	0.	123,745.	386,790.
Special events-Bravo	61,294.	0.	0.	61,294.	286,579.
Interest and dividends	13,586.	0.	0.	13,586.	2,604.
Miscellaneous	17,330.	0.	0.	17,330.	73,047.
Net assets added (deducted) to/from restrictions	<u>4,583.</u>	<u>0.</u>	<u>(4,583.)</u>	<u>(0.)</u>	<u>(11,921.)</u>
Total revenues, gains & other support	<u>554,029.</u>	<u>0.</u>	<u>(4,583.)</u>	<u>549,446.</u>	<u>1,155,934.</u>
Expenses:					
Programming	249,246.	0.	0.	249,246.	637,485.
Special events-Bravo	32,116.	0.	0.	32,116.	152,279.
Selling, general & administrative	298,292.	0.	0.	298,292.	355,671.
Total operating expenses	<u>579,654.</u>	<u>0.</u>	<u>0.</u>	<u>579,654.</u>	<u>1,145,435.</u>
(Decrease) increase in net assets from operations	(25,625.)	0.	(4,583.)	(30,208.)	10,499.
Other changes:					
Endowment earnings (loss) not in current operations	0.	0.	11,316.	11,316.	12,235.
(Decrease) increase in net assets	(25,625.)	0.	6,733.	(18,892.)	22,734.
Net Assets - beginning of year	<u>408,349.</u>	<u>24,205.</u>	<u>131,265.</u>	<u>563,819.</u>	<u>541,086.</u>
Net Assets - end of year	<u>\$ 382,724.</u>	<u>24,205.</u>	<u>137,998.</u>	<u>544,927.</u>	<u>563,819.</u>

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Cash Flows
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
(Decrease) increase in net assets from operations	\$ (18,892.)	22,734.
Adjustment to reconcile (decrease) increase from operations to net cash (used) provided by operating activities:		
Depreciation	0.	661.
Changes in:		
Accounts and grants receivable	6,974.	(16,216.)
Prepaid expenses	14,158.	(7,049.)
Accounts payable and accrued expenses	(13,441.)	280.
Deferred performance revenues	<u>41,295.</u>	<u>76,771.</u>
Net cash provided (used) in operating activities	<u>30,094.</u>	<u>77,181.</u>
Cash flows from investing activities:		
(Earnings) from funds held in trust by others	(6,732.)	(12,235.)
Net cash (provided) by investing activities	<u>(6,732.)</u>	<u>(12,235.)</u>
Net increase (decrease) in cash	23,362.	64,946.
Cash or cash equivalents - beginning of year	<u>635,588.</u>	<u>570,642.</u>
Cash or cash equivalents - end of year	\$ <u>658,950.</u>	<u>635,588.</u>

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2006

Note 1 -Description of the Organization and Summary of Significant Accounting Policies

(a) Organization

The New Orleans Ballet Association (the Association) is a not-for-profit organization chartered on August 14, 1969 with a name change becoming effective October 18, 1991. It engages principally in the promotion of dance through live performances and also the encouragement and development of an appreciation of dance.

Unrestricted Funds include funds received from subscription revenues, contributions and grants from both individuals, corporate and government entities which impose no restrictions on the Association as to their use or purpose. Such funds are expended for charitable purposes and the promotion of dance as deemed appropriate by the Board of Directors of the Association. Some Unrestricted Funds are designated by the board for specific purposes.

Temporarily Restricted Funds include funds that are donor designated gifts and grants, whereby the donor at the time of the gift may specifically identify the type of charitable or dance activity to be benefitted and provide guidelines for the timing of distribution. These type of funds are handled by the Association as a service to donors and beneficiaries. In addition, the unexpended income derivable from permanently restricted funds is recorded in those funds.

Permanently Restricted Funds includes an endowment which provided that the principal assets of its trust fund are to be maintained inviolate and in perpetuity.

(b) Summary of Significant Accounting Policies

New Donations

New donations are accrued when all the events required for the transfer of the assets from the donor to the Association have occurred.

Promises To Give

Contributions or grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions or grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(Continued)
NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2006

Note 1 - Description of the Organization and Summary of Significant Accounting

(b) Summary of Significant Accounting Policies

Investments

The Association records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

Dividend and interest income from investments is accrued as the income is earned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(c) Income Tax Status

The Association is exempt from federal income taxes under section 501 (c)(3) of the U.S. Internal Revenue Code. Gifts to the Association are tax deductible.

Note 2 - Investments

Investments in currently available accounts are shown at market values. These investments are in mostly government securities located in fixed income money-market type funds. The market values and cost of these investments are:

		<u>June 30, 2006</u>		<u>June 30, 2005</u>	
		Market	Cost or	Market	Cost or
		<u>Value</u>	<u>Assigned</u>	<u>Value</u>	<u>Assigned</u>
		<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Fixed income funds	\$	<u>57,024.</u>	<u>31,033.</u>	<u>54,905.</u>	<u>31,033.</u>

(Continued)
NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2006

Note 3 - Funds Held in Trust by Others

The Association has an endowment fund held by The Greater New Orleans Foundation which is the trustee. This fund originated from a grant by the Arts Council of New Orleans under its Partnership Endowment Grant Program through the National Endowment for the Arts. Under the terms of this endowment fund, the Association in a prior year contributed \$22,500 in order to receive the accumulated balance in the fund since 1987 (the date of the grant). The Association is allowed to withdraw only 4% annually of the endowment fund's average balance over the last twelve quarters which for the year's ended June 30, 2006 and 2005 amounted to \$4,583 and \$4,330, respectively. The Association did receive its annual distributable funds of \$4,583 as of June 30, 2006. This endowment continues for as long as the Association is in legal existence.

		<u>2006</u>	<u>2005</u>
Market value	\$	<u>137,998.</u>	<u>131,265.</u>

Note 4 - Fixed Assets

Fixed assets at June 30, are summarized as follows:

		<u>2006</u>	<u>2005</u>
Ballet equipment	\$	21,648.	21,648.
Office furniture and equipment		<u>0.</u>	<u>96,803.</u>
		<u>21,648.</u>	<u>118,451.</u>
Less accumulated depreciation		<u>(21,648.)</u>	<u>(118,451.)</u>
Fixed assets, net	\$	<u>0.</u>	<u>0.</u>

Depreciation charged to management and general expenses for the year's ended June 30, 2006 and 2005 was \$0 and \$661, respectively. Fixed assets are recorded at cost. Depreciation is provided on the straight-line method. All computer and office equipment and furniture was lost in the storm. The Association has plans to fully replace all lost office furniture and equipment by the year ending June 30, 2007.

Note 5 - Building Lease

The Association's office rent for the year ended June 30, 2006 and 2005 was \$7671 and \$16,392, respectively and this lease was terminated due to damaged caused by Hurricane Katrina to the building it occupied. Effective July 1, 2006, the Association has moving into new office space being supplied in part by one of its loyal benefactors. This lease is for three years at an annual costs of \$8,500.

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SUPPLEMENTAL INFORMATION

MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
"Small Business Specialist"

Accountant's Review Report

**To the Board of Directors
New Orleans Ballet Association**

I have reviewed the accompanying statements of financial position of the New Orleans Ballet Association as of June 30, 2006 and 2005, and the related statements of activities and net assets and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements are the representation of the management of the New Orleans Ballet Association.

A review consists principally of inquiries of association's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the association's accompanying 2006 and 2005 financial statements in order for them to be in conformity with generally accepted accounting principles. I am attaching a schedule of expenditures of government grants which were subjected to the same review as the financial statements for 2006.

**New Orleans, Louisiana
November 8, 2006**

EIN 72-1188147

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NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
June 30, 2006

<u>Government Agency and Grant Number</u>	<u>Program Supported</u>	<u>Period of Grant</u>	<u>Amount Granted</u>
1. National Endowment #05-3300-7085	Creative Dance	Jan 2005- Dec 2005	\$ 15,000.
2. National Endowment #QI-50036-06	General Operating Fund	Oct 2005- Jun 2006	\$ 7,500.
3. National Endowment #06-3300-7117	Creative Dance	Jan 2006- May 2006	\$ 20,000.(c)
4. Southern Arts Federation #2530/206	Joffrey Ballet of Chicago	May 22-29, 2006	\$ 6,340.(b)
5. Louisiana Office of Cultural Development, Division of the Arts # F/Y 05-250	General Operating Fund	Jul. 1, 2005- Jun. 30, 2006	\$ 48,234.(a)
6. Arts Council of New Orleans #FY2006-205	General Operating Fund	Jul. 1, 2005- Jun. 30, 2006	\$ 15,000.
7. Step Together New Orleans	Creative Community	Jul. 1, 2005- Sept 30, 2005	\$ <u>10,000.</u>
	Total Government Grants		\$ <u>122,074.</u>

(Continued)

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NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
(Continued)
June 30, 2005

Notes to Schedule:

- a. This represents the total of the Louisiana DOA grant of which \$12,058 is in receivables at 6/30/2006.
- b. This represents the total of the Southern Arts Federation grant of which \$6,340 is in receivables at 6/30/2006.
- c. This represents the total of the National Endowment grant of which \$20,000 is in receivables at 6/30/2006.
- d. All of the above grants (except as noted above) have been fully received and if allocated for a specific program those programs have all been performed and proper supporting documents have been filed with those respective agencies. In addition, all of the above listed grants were in cash and there was not any non-cash governmental assistance.
- e. Since the Association received less than \$300,000 in Federal grants for the year it is exempt from Federal audit requirements under OMB's Circular No. A-133 "Audit of States, Local Governments and Non-Profit Organizations" (revised June 24, 1997) although the Association records are available for review or audit by any appropriate Federal, City or State agencies. These financial statements and schedule conform to that OMB circular's requirements.

LOUISIANA ATTESTATION QUESTIONNAIRE
NEW ORLEANS BALLET ASSOCIATION

8/15/06 (Date Transmitted)

MICHAEL A. PLEMER, CPA
170 BROADWAY ST, STE 315
NEW ORLEANS, LA 70118-6711 (Auditors)

In connection with your review of our financial statements as of JUNE 30, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of 8/15/06 completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [X] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [X] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [X] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [X] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [X] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [X] No []

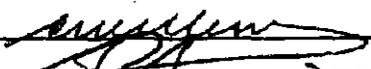
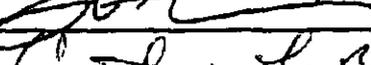
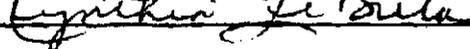
Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

	Secretary	8/21/06	Date
	Treasurer	8/21/06	Date
	President	8/21/06	Date